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Top Secret 217

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NATIONAL INTELLIGENCE DAILY CABLE

Monday June 13, 1977

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NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Monday, June 13, 1977

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USSR-EGYPT: Gromyko-Fahmi Meeting

[redacted] //Egyptian Foreign Minister Fahmi does not appear to have made much progress toward repairing Egyptian relations with the USSR during his visit to Moscow last week,

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[] //There is no indication Fahmi succeeded in resolving the two issues most important to the Egyptians, a resumption of Soviet arms deliveries and a rescheduling of the massive Egyptian debt to the Soviet Union. The Egyptians were able to extract a Soviet promise to consider "concrete measures" to improve relations, but there is no evidence of any tangible Soviet commitment, other than one to expand export quotas of coking coal--hardly an agreement of significance.//

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[] There are other signs that the talks were difficult, with the Soviets insisting that any improvement in relations is up to the Egyptians. Soviet Foreign Minister Gromyko was particularly rough on his Egyptian guest at a luncheon on Friday. According to a version of his remarks, published by the Soviets, Gromyko pointedly noted that the "threads of trust," once broken by "thoughtless" actions, are difficult to mend.

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[] The communique did note some minor achievements. It indicated the Soviets and Egyptians agree that the Geneva conference on the Middle East should be reconvened "not later" than this fall. The Soviets, who have been working hard to place themselves back in the mainstream of Middle Eastern diplomacy via the Geneva conference, doubtless can take some satisfaction in winning Egypt's public endorsement of their role.

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[] The Egyptians' primary interest probably was in making sure that bitterness between Cairo and Moscow would not impede the resumption of the Geneva peace talks. Thus the Egyptians also appear to have achieved their objective concerning the Geneva conference.

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[] //The communique also notes that Gromyko and Fahmi will meet again at an unspecified time in Cairo. []

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[] the meeting will be in August and will be followed by a meeting between President Sadat and General Secretary Brezhnev. The communique and the Soviets, however, have not mentioned either of these points, suggesting that the discussion of dates for a Gromyko visit and of a possible Brezhnev-Sadat meeting was highly tentative.// []

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OAS: General Assembly Convenes

25X1 [] *The human rights issue is bound to be the major topic of discussion when the seventh General Assembly of the Organization of American States convenes in Grenada tomorrow. None of the participants, however, seems anxious for divisive debate on the issue.*

25X1 [] Most delegates are interested in meeting Secretary of State Vance and are looking to gain further insights into the US administration's policy toward Latin America and its ideas for restructuring the OAS. The majority of Latin American officials have had little contact with high-level US officials; in general, the Latin Americans are confused by what they perceive as conflicting signals from Washington.

25X1 [] The human rights issue is the core of the problem. There have been reports that the southern cone countries--Argentina, Chile, Paraguay, Uruguay, and Brazil--have been attempting to form a common front in opposition to the US on this issue. None of the countries is anxious to offend the US, however, and protestations against Washington's human rights policy will probably be perfunctory but emotional.

25X1 [] Other topics on the agenda of the General Assembly include restructuring the OAS, charter reform, cooperation on development, collective economic security, and educational and cultural exchange programs. Bolivia's desire for an outlet to the sea and the dispute between Guatemala and Belize may be raised, but only statements for the record on these topics are expected. Panama may bring up the question of the canal treaty negotiations; no joint US-Panama report on the status of the talks seems likely before the meeting.

25X1 [] As it shapes up now, the General Assembly could bog down on human rights discussions, but none of the participants seems anxious for a rankling debate. Most delegates, in fact, want to get the Grenada meeting over with as quickly as possible.

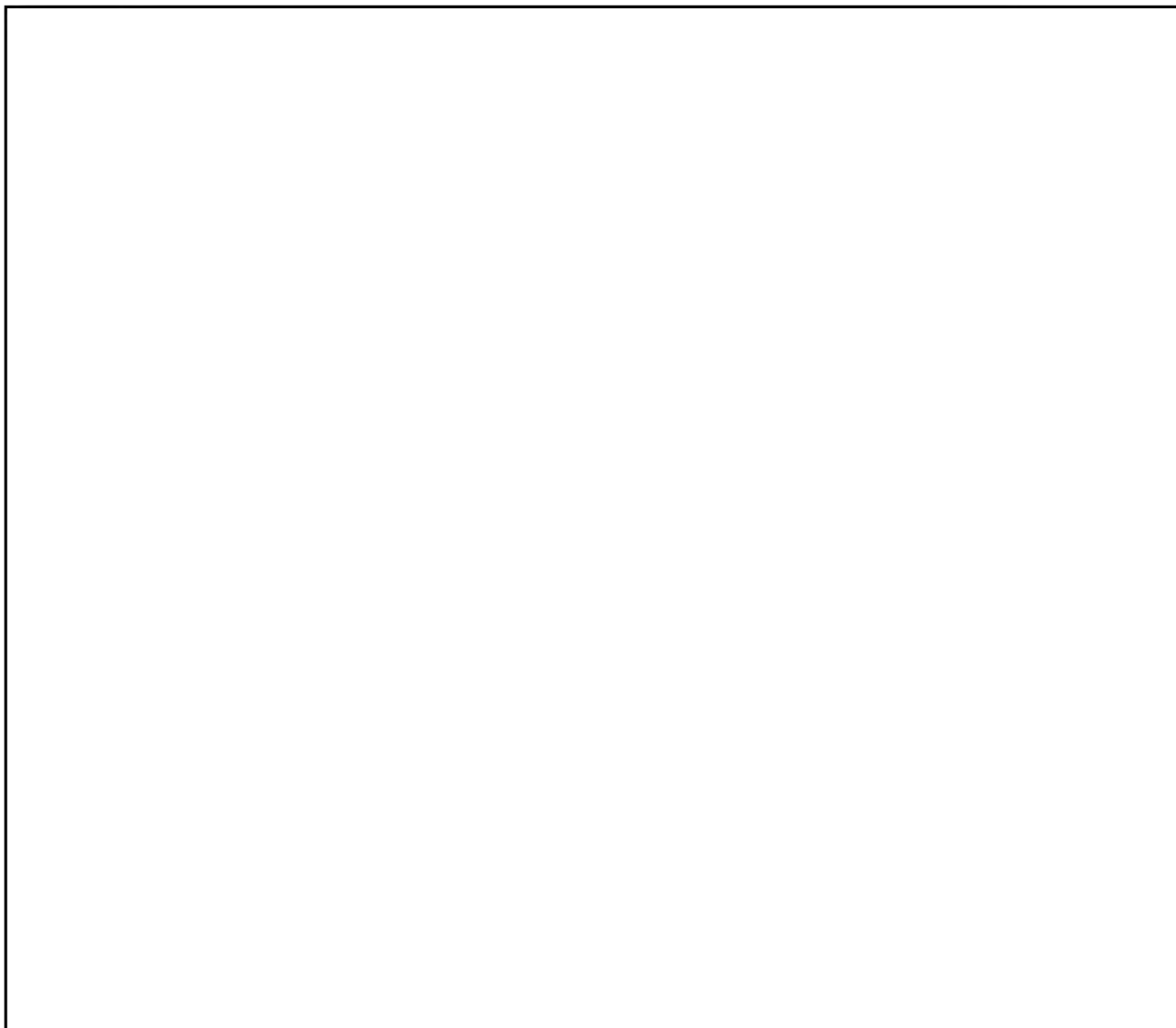
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ZAIRE: Katangan Harassment

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Probably two types of Katangans remain in Shaba: those still trying to make their way to sanctuary in Angola or Zambia, and those who have decided to fight on as guerrillas for as long as they can. Most of the Katangans are believed to have withdrawn from Shaba after Mobutu succeeded in getting Moroccan military support for his counteroffensive.

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[] A Katangan guerrilla campaign in Shaba would be aimed at bringing down Mobutu. The Katangans would probably seek to cut the rail lines and stop the production or export of copper, Zaire's chief source of revenue; discredit the government domestically; and tie up Zairian armed forces and thus encourage anti-government moves elsewhere in the country.

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[] Although the Katangan leaders probably hope to continue activity against Mobutu, they face a number of disadvantages that have developed since their invasion began on March 8. Their forces are now in disarray, with some possibly in Zambia, some in Angola, and some being hunted by Mobutu's army within Shaba. Many of the Katangans were demoralized by their failure to bring down the Mobutu government quickly, Mobutu's success in obtaining foreign support, and the lack of support from Angola when their offensive faltered.

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[] The Katangans face problems of food supply and disease. Angola, their exile home, appears preoccupied with increased domestic problems.

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[] The Zairian army, although lacking the drive and effectiveness of the Moroccan troops, has some 8,700 men in Shaba as well as equipment left by the Moroccans or provided by Western governments since March 8.

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[] Mobutu is in Belgium, continuing the victory tour he started in France last week of some West European and African countries that supported him against the Katangans. []

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CYPRUS: Settlement Unlikely

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[] *Three rounds of informal talks in Nicosia have not broken the impasse between the Turkish and Greek Cypriots. Although negotiations have not broken down entirely, prospects for substantial progress either in Nicosia or at the still unscheduled seventh round of talks in Vienna are not good. Neither Turkish Cypriots nor mainland Turks are likely to budge from their stated positions until the political situation in Turkey becomes clearer. If the National Salvation Party is part of a coalition government in Ankara, there may be no movement for quite some time.*

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[] The two main issues for both communities have been the division of territory on the island and a new federal constitution. Since mid-May, however, the Turkish Cypriots have charged that the Greek Cypriots are waging economic warfare against the so-called Turkish Federated State of Cyprus.

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[] The charges stem from recent efforts by the Greek Cypriots to reduce the availability of foreign currency in northern Cyprus and to harass foreign companies that deal with the Turkish sector. The Greek action is unlikely to be economically effective; it has, however, provided the Turkish side with another propaganda club to use against the Greek Cypriots.

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[] At the most recent round of negotiations in Vienna, the Greek Cypriots offered what they considered a substantial concession by signaling their willingness to accept a bicomunal Cypriot republic. The Turkish Cypriots, however, were far from pleased by the Greek proposal for dividing Cyprus since it left the Turkish Cypriots with only 20 percent of the island and that area would be sandwiched between two Greek Cypriot regions.

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[] At these same talks, the Turkish Cypriots presented their views on the constitutional makeup of a new Cypriot republic that would be based on a bizonal federation. The Turkish Cypriots proposed that the federation have an extremely weak central authority and that virtually all meaningful powers be vested in the separate communities.

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[] Assurances by the Turkish Cypriots that they envisaged an "evolutionary federalism," with the two communities giving more power to federal agencies in the future as mutual trust developed, were greeted skeptically by the Greek Cypriots. The Greek Cypriot proposal called for a strong federal government, a concept that is anathema to the Turkish Cypriots.

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[] To settle the Cyprus issue, the Turks will have to make concessions. No Turkish leader, mainland or Cypriot, wishes to bear the responsibility of "surrendering" Turkish-occupied territory to the Greek Cypriots, especially if it appears to be in response to foreign pressure.

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[] Rauf Denktash, "president" of the Turkish Federated State of Cyprus, prefers to preserve the territorial status

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quo and will relinquish land only if Ankara exerts considerable pressure on him--a highly unlikely event until the mainland Turks sort out their domestic situation.

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[] In Turkey, both Prime Minister Demirel and Bulent Ecevit, whose Republican Peoples Party won a plurality in the parliamentary election on June 5, recognize that a solution to the Cyprus situation is essential for domestic as well as foreign policy reasons.

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[] Turkey is beset with serious economic problems, and supporting military forces on Cyprus as well as providing direct aid is a drain on its limited financial resources. Most Turkish leaders recognize that their public rejection of any linkage between the Cyprus issue and the resumption of US military aid is unrealistic; they also know that solving the Cyprus problem would not only reopen the door to US military aid but would also enhance Turkey's international reputation.

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[] Even in the best of circumstances, however, either Demirel or Ecevit would find it difficult to propose the concessions that would almost certainly be required for a realistic settlement. They would find it doubly difficult if, as seems likely, any coalition includes Necmettin Erbakan's National Salvation Party. Staunchly opposed to returning an inch of northern Cypriot territory, Erbakan would be able to make it very difficult for Ankara to exert enough pressure on Denktash to get him to negotiate seriously. []

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TUNISIA-LIBYA: Disputed waters

[redacted] The Tunisian-Libyan agreement to seek arbitration of their continental shelf dispute may have defused the situation only temporarily. According to the US embassy in Tunis, a senior Tunisian Foreign Ministry official said that the Libyans have insisted that the agreement to arbitrate be ratified by the legislatures of both countries before the dispute is turned over to the International Court of Justice. The Libyans may use this tactic to avoid any binding arbitration.

[redacted] This is the second time the two countries have agreed to take the problem to the International Court. The Libyans backed off from the arrangement last August because they were unwilling to accept Tunisia's insistence that the arbitration be binding.

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[] Tunisia has made a significant concession in allowing Libya to continue drilling in the disputed area for the time being. Since the dispute flared again late last month with the appearance of the privately owned US rig hired by the Libyans, Tunisia had been insisting on its withdrawal as a precondition to a settlement. Each government and the oil companies are confident that the shelf holds commercially exploitable oil deposits.

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[] Libyan President Qadhafi has succeeded in denying Tunisia access to offshore oil in at least part of the zone. Qadhafi hopes that Tunisia's desire to obtain access eventually will lead it to join in a "union" with Libya. By papering over the quarrel concerning the continental shelf, Qadhafi has protected his ability to employ Tunisian workers, a significant factor in Libyan development plans. []

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